

Message Text

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EXDIS

PASS CIA

E.O. 11652: XGDS-1

TAGS: ENRG PFOR EC US

SUBJECT: CONVERSATION WITH PRESIDENT POVEDA: TEXACO/GULF SITUATION

REF: (A) STATE 047238, (B) QUITO 1397, (C) QUITO 1649

1. I MET WITH SUPREME COUNCIL PRESIDENT VICE ADMIRAL ALFREDO POVEDA BURBANO AT HIS HOME THE EVENING OF MARCH 10 AT MY REQUEST, PRIMARILY TO DISCUSS THE TEXACO/GULF QUESTION WITH HIM PURSUANT TO REF A.

2. REFERRING TO HIS REQUEST TO ME OF FEBRUARY 18 TO INTER-CEDE (REF B), I SAID I HAD COMMUNICATED WITH THE DEPARTMENT AND HAD NOW RECEIVED ITS INSTRUCTIONS. I TOLD HIM THAT THE DEPARTMENT WAS FULLY AWARE OF THE DETERIORATING CLIMATE FOR TEXACO/GULF, THAT IT HAS BEEN IN CONTACT WITH COMPANY EXECUTIVES, BUT THAT IT IS NOT IN A POSITION TO ADVISE TEXACO/GULF HOW THEY SHOULD HANDLE THEIR BUSINESS HERE. THE ADMIRAL NODDED HIS UNDERSTANDING. SPEAKING PERSONALLY, I CONTINUED, I COULD ADD TWO THINGS: FIRST, I HAD MYSELF STRESSED TO THE LOCAL TEXACO/GULF MANAGERS THE IMPORTANCE OF THE DECISIONS WHICH THEY FACE, AND SECOND, THAT THE TEXACO/GULF OFFICIALS HAD UNDERTAKEN TO SEE ME BEFORE THEY MADE ANY SPECIFIC PROPOSAL TO THE SUPREME COUNCIL.

3. THE PRESIDENT VOICED HIS APPRECIATION AND UNDERSTAND-
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ING OF WHAT I HAD SAID. IT WAS VERY IMPORTANT TO HIM,

HE SAID, TO KNOW IN ADVANCE OF ANY PROPOSAL WHICH MIGHT BE MADE TO THE SUPREME COUNCIL SO THAT HE MIGHT BE PREPARED TO EXPLAIN IT. HE DID NOT WISH TO DEPRECATE GENERAL DURAN, HE SAID, BUT "HE DOES NOT UNDERSTAND ECONOMICS." THE PRESIDENT STATED HE WAS AVAILABLE AT ANY HOUR OF THE DAY OR NIGHT TO TALK WITH ME OR COMPANY REPRESENTATIVES ABOUT TEXACO/GULF PROBLEMS.

4. REFERRING TO HIS CONVERSATION WITH TEXACO'S LATING AMERICAN PRODUCTION MANAGER, MAX CRAWFORD (QUITO 1526), ADMIRAL POVEDA SAID THAT THE CONVERSATION HAD BEEN MOST USEFUL TO HIM BOTH FROM A TECHNICAL AND ECONOMIC POINT OF VIEW, AND HE THANKED ME FOR HAVING ARRANGED IT.

5. I SAID I WAS GRATEFUL ONE PROBLEM WAS OUT OF THE WAY, THAT OF DEPOSITS AND THE NORSUL/PHOENIX:COCA DEBT (QUITO 1837). HE KNEW ALL ABOUT IT, AND TOLD ME HE HAD INSTRUCTED FINANCE MINISTER ROBALINO TO SOLVE IT. ROBALINO HAD DONE SO.

BREWSTER

NOTE BY OC/T: NOT PASSED CIA

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